

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION  
PARTNERSHIP BUSINESS PROFITS TAX RETURN

SEQUENCE #4

For the CALENDAR year **2002** or other taxable period beginning \_\_\_\_\_ and ending \_\_\_\_\_  
Mo Day Year Mo Day Year

Due date for CALENDAR year filers is on or before April 15, 2003 or the 15th day of the 4th month after the close of the taxable period.

**YOU ARE REQUIRED TO FILE THIS FORM IF GROSS BUSINESS INCOME WAS GREATER THAN \$50,000.**

STEP 1 Please Print or Type	NAME OF PARTNERSHIP	FEDERAL EMPLOYER IDENTIFICATION NUMBER	
<b>STEP 2</b> Figure Your Tax	<b>1 INCOME AND DEDUCTIONS</b> (See instructions) <span style="float: right;">SPECIAL DEPRECIATION SEE TIR 2002-002</span>		
	(a) Ordinary income or (loss) from trade or business activities.....	1(a)	
	(b) Net income or (loss) from rental real estate activities.....	1(b)	
	(c) Net income or (loss) from other rental activities.....	1(c)	
	(d) Portfolio income or (loss).....	1(d)	
	(e) Guaranteed payments to partners.....	1(e)	
	(f) Other income or (loss) from partnership activities <b>NOT INCLUDED</b> in Lines 1(a) through 1(e) above.....	1(f)	
	(g) Partnership expenses on Federal Form 1065, Schedule K, Lines 8-11.....	1(g)	( )
	(h) TOTAL [Combine Lines 1(a) through 1(g)] .....	1(h)	
	<b>2 NET GAIN OR (LOSS) FROM SALE OF ASSETS</b> (See instructions) Attach schedule if additional space is needed.		
	Description of Property	Gain (Loss)	
	(a) .....		
(b) .....			
(c) TOTAL GAIN (LOSS) FROM SALE OF ASSETS [Combine Lines 2(a) and 2(b)].....	2(c)		
	<b>3 INSTALLMENT GAIN OR (LOSS)</b> Attach schedule if additional space is needed.		
	Date of Original Sale	Description of Property	Gain (Loss)
	Mo Day Year		
	(a) .....		
	(b) .....		
	(c) TOTAL INSTALLMENT GAIN OR (LOSS) [Combine Lines 3(a) and 3(b)].....	3(c)	
	<b>4 SEPARATE ENTITY ADJUSTMENT</b> .....		4
	<b>5 GROSS BUSINESS PROFITS</b> Line 1(h) adjusted by Lines 2(c), 3(c) and 4. (See instructions).....		5
	<b>6 COMPENSATION DEDUCTION FOR PERSONAL SERVICES</b> (See instructions).....		6
	<b>7 SUBTOTAL</b> (Line 5 adjusted by Line 6). If a loss show in parenthesis.....		7
	<b>8 NH ADDITIONS AND DEDUCTIONS</b> (See instructions)		
	(a) Add back income taxes or franchise taxes measured by income.....	8(a)	
(b) NH Net Operating Loss Deduction (Attach Form DP-132).....	8(b)	( )	
(c) Interest on direct US obligations.....	8(c)	( )	
(d) Wage adjustment required by IRC Section 280C.....	8(d)	( )	
(e) Income exempt under federal constitutional laws net of related expenses.....	8(e)	( )	
(f) Distribution from a joint venture or second partnership .....	8(f)		
(g) Add the amount of increase in the basis of assets which was due to the sale or exchange of interest in the partnership (RSA 77-A:4, XIV).....	8(g)		
(h) Interest and dividends subject to tax under RSA 77 .....	8(h)	( )	
(i) Contributions made to a Qualified Investment Capital Company.....	8(i)	( )	
(j) Add back return of capital received from a Qualified Investment Capital Company.....	8(j)		
(k) Other additions and deductions required by RSA 77-A:4 (Attach schedule).....	8(k)		
(l) TOTAL ADDITIONS AND DEDUCTIONS [Combine Lines 8(a) through 8(k)].....	8(l)		
9 Adjusted Gross Business Profits Line 7 adjusted by Line 8(l). (If negative, show in parenthesis).....	9		
10 New Hampshire Apportionment (Form DP-80, Line 5. Express as a decimal to 6 places). ....	10		
11 New Hampshire Taxable Business Profits (Line 9 x Line 10. If negative, enter zero). ....	11		
12 New Hampshire Business Profits Tax (Line 11 x 8.5%) .....	12		
<b>STEP 3</b> Figure Your Credits	<b>13 Credits allowed under RSA 77-A:5 as shown on Form DP-160</b> .....		13
	<b>14 Subtotal</b> (Line 12 minus Line 13) .....		14
	<b>15 Business Enterprise Tax Credit</b> (See instructions) .....		15
	<b>16 Business Enterprise Tax Credit to be applied against Business Profits Tax</b> (Enter the lesser of Line 14 or Line 15. See instructions) .....		16
	<b>17 NH Business Profits Tax Net of Statutory Credits</b> (Line 14 minus Line 16. <b>IF NEGATIVE, ENTER ZERO.</b> ) ....		17

**ENTER THE AMOUNT FROM LINE 17 ON LINE 1(b) OF THE BUSINESS TAX SUMMARY FORM.  
IF YOU HAVE COMPLETED THIS RETURN IT MUST BE FILED WITH THE BT-SUMMARY.**

**PARTNERSHIP BUSINESS PROFITS TAX RETURN**

## LINE-BY-LINE INSTRUCTIONS

<b>Federal 1065-B Filers</b>	Taxpayers who file a 1065-B, U.S. Return of Income for Electing Large Partnerships, should follow the line descriptions and NOT the line cites. If you have questions about what items should be included or where, then please call the Audit Division at (603) 271-3400.
<b>STEP 1 Name &amp; FEIN</b>	At the top of the return enter the beginning and ending dates of the taxable period if different than the calendar year 2002. Please PRINT the partnership's name and federal employer identification number in the spaces provided.
<b>STEP 2 Figure Your Tax</b>	<p><b>Line 1: INCOME AND DEDUCTIONS</b> If in any period you took any Section 179 deductions for assets acquired after December 31, 2000 or any special 30% depreciation deductions for assets acquired after September 10, 2001 and before September 11, 2004, you must use the Worksheet for Non-Corporate Business Profits Tax Reconciliation of NH Gross Business Profits to calculate amounts to enter in Lines 1(a), 1(b), 1(c) and 1(f).</p> <p>(a) Enter the amount of ordinary income (loss) from trade or business activities from the Federal Form 1065, page 1, Line 22.</p> <p>(b) Enter the amount of net income (loss) from rental real estate activities from Federal Form 1065, Schedule K, Line 2.</p> <p>(c) Enter the amount of net income (loss) from other rental activities from Federal Form 1065, Schedule K, Line 3(c).</p> <p>(d) Enter the total amount of interest, dividend, royalty or other portfolio income from Federal Form 1065, Schedule K, Lines 4(a), (b), (c), and (f).</p> <p>(e) Enter the amount of guaranteed payments to partners from Federal Form 1065, page 1, Line 10.</p> <p>(f) Enter the amount of income (loss) from any partnership activities which have <b>NOT BEEN INCLUDED</b> in Lines 1 (a) through 1 (e) of this return. Attach supporting schedule.</p> <p>(g) Enter the amount of partnership expenses which are deducted on Federal Form 1065, Schedule K, Lines 8 through 11.</p> <p>(h) Enter the total of Lines 1 (a) through 1 (g).</p> <p><b>Line 2: NET GAIN (LOSS) FROM SALE OF ASSETS</b> Enter a complete description of any property sold on a non-installment basis, including the address if the property was real estate. Report the gain or loss on the sale without the effects of federal passive loss limitation rules. Do not include any ordinary income or loss from the sale of the assets that was already included in Line 1 of NH-1065. If a loss, show in parenthesis, e.g. (\$50). If there were any sales of assets on which additional Section 179 deductions were reported in any year and/or for which special 30% depreciation was reported in any year, you must use the Worksheet for Non-Corporate Business Profits Tax Reconciliation of NH Gross Business Profits to determine the amounts to include here for those assets.</p> <p><b>Line 3: INSTALLMENT GAIN OR (LOSS)</b> Taxpayers who are reporting the sale of business assets on the installment basis for federal tax purposes must also use the installment method on Form NH-1065. Enter the original date of the sale. Report the installment gain or (loss) received in this year without the effects of federal passive loss limitation rules. Do not include any ordinary income or loss from the installment sale of assets that was already included in Line 1 of NH-1065. If a loss, show in parenthesis, e.g. (\$50). If there were any installment sales of assets on which additional Section 179 deductions were reported in any year and/or for which special 30% depreciation was reported in any year, you must use the Worksheet for Non-Corporate Business Profits Tax Reconciliation of NH Gross Business Profits to determine the amounts to include here for those assets. Under certain conditions, an election can be made by using Form DP-95 to report the entire gain in the year of sale. Form DP-95 may be obtained by contacting the Forms Line at (603) 271-2192. Taxpayers who have sold business or rental property on the installment basis will be considered a business organization until all the installments have been reported and the total tax paid. The partnership <b>MUST</b> file a return every year, regardless of the amount of installments, if the actual sales price exceeded \$6,000 for tax years ending prior to July 1, 1981 or \$12,000 for tax years ending July 1, 1981 through June 30, 1993, or \$50,000 for tax years ending July 1, 1993 and after. If you need additional space, please attach a schedule.</p> <p><b>Line 4:</b> Enter the amounts which arise from the necessity of adjusting gross business profits to accommodate the New Hampshire requirement of separate entity treatment of business organizations. This would include the partnership's share of another partnership's activity in which it is a partner as reported on Lines 1(a) through 3(c).</p> <p><b>Line 5:</b> Combine Lines 1 (h), 2 (c), 3 (c) and 4. If a loss, show dollar amount in parenthesis, e.g. (\$50).</p> <p><b>Line 6: COMPENSATION FOR PERSONAL SERVICES</b> Enter on Line 6 the dollar value of the services performed by the partners during the taxable period. Only natural persons are permitted a deduction for personal services. Corporate partners or other entities which are partners are not permitted a deduction. Compensation is only allowed for the partners who actually render personal services to the business. The <b>MINIMUM</b> STATUTORY DEDUCTION OF \$6,000 IS ALLOWED TO EACH PARTNER <b>WHO</b> actually rendered services during the current taxable period even if such services are valued at less than \$6,000. RSA 77-A:4 limits the <b>MAXIMUM</b> compensation deduction to the <b>sum of the following</b> amounts included in your federal income tax schedule:</p> <ol style="list-style-type: none"> <li>(1) Ordinary income or loss from trade or business activities from Federal Form 1065, Schedule K;</li> <li>(2) Income or loss from rental properties from Federal Form 1065, Schedule K;</li> <li>(3) Guaranteed payments to partners from Federal Form 1065, Schedule K;</li> <li>(4) Income or loss from activities in the regular trade or business of the partnership that are specifically allocated to the individual partners;</li> <li>(5) 15% of the sales price as shown on Federal Form 4797 or 6252 for the sale of business assets provided the partner acted as the broker or agent and no other broker or agent was involved in the sale of the property.</li> <li>(6) In instances where the partner(s) act(s) as a co-broker, the maximum deduction shall be the difference between the 15 percent of the actual sales price and the amounts paid to other brokers or agents.</li> </ol> <p>To determine the reasonableness of the compensation deduction, use comparative compensation data from business organizations of similar size, volume and complexity from industry statistics or from publications such as, but not limited to, The American Almanac of Jobs and Salaries or the New Hampshire Wages and Benefits Survey. <b>The partnership must maintain adequate records to substantiate the activities performed by each partner and the methods used to determine the rate of compensation for such activities.</b></p>

**PARTNERSHIP BUSINESS PROFITS TAX RETURN**

LINE-BY-LINE INSTRUCTIONS (continued)

<b>STEP 2</b> <b>(continued)</b>	<b>Line 7: SUBTOTAL</b> Enter the amount of Line 5 minus Line 6. If a loss, show dollar amount in parenthesis, e.g. (\$50). This amount represents the partnership's net operating loss for future deduction. A net operating loss is subject to the carryback and carryforward provisions and apportionment provision pursuant to RSA 77-A:3, RSA 77-A:4 and Rev 303.03.
	<b>Line 8: NH ADDITIONS AND DEDUCTIONS</b> (a) Enter the total NH Business Profits Tax and any income tax, franchise tax measured by net income or capital stock tax assessed by any state or political subdivision that was deducted on this year's federal return. Attach a schedule of taxes by state. Do not include the NH Business Enterprise Tax liability in this amount. (b) Enter the amount of carryover loss available as shown on Line 6 of Form DP-132. <b>Form DP-132</b> must be attached to the return. (c) Enter the amount of gross business profits as is attributable to income derived from non-taxable interest on notes, bonds or other direct securities of the United States. (d) Enter the amount of jobs credit (IRC Section 280C) deducted on this year's federal return. (e) Enter the deduction for any portion of the business organization's gross business profits which is allowed to be excluded pursuant to federal constitutional law. This deduction must be net of any expenses paid or incurred that relate to the excluded income portion. Attach a supporting schedule listing the name, federal employer identification number and amount paid or accrued. (f) In the case of a partnership which is a participant in a joint venture or a partner in another partnership, enter the amount of distribution from the joint venture or partnership whose gross business profits have already been subject to taxation under RSA 77-A during the same or an overlapping fiscal period. Attach a schedule listing the name, federal employer identification number and amount(s) paid by each joint venture or partnership. If this amount is a negative number, show in parenthesis. e.g. (\$50) (g) If the basis of any underlying assets was increased due to a transfer or sale of the interest or beneficial interest of the partnership, then enter the amount of the net increase in the assets. (The increase in the basis of assets is determined by the IRC as defined in RSA 77-A:1,XX.) (h) If the partnership is subject to tax under RSA 77, enter the amount of interest and/or dividends shown on Line 1(d) above which is attributable to the NH partners prorata share net of any deduction taken on Line 8(c). Interest & Dividends Tax Form DP-10 may be obtained by calling (603) 271-2192. (i) Enter a deduction equal to the contribution made to a Qualified Investment Capital Company during the applicable taxable period. (j) Enter an addition equal to any return of capital previously taken as a deduction as a capital contribution to a Qualified Investment Capital Company if such return of capital is received within 3 taxable periods after the taxable period in which it was deducted (k) Enter the amount of other additions and deductions required by RSA 77-A:4. Attach a Schedule. (l) Enter the total of Lines 8(a) through 8(k).
	<b>Line 9: ADJUSTED GROSS BUSINESS PROFITS</b> Enter the total of Line 7 as adjusted by Line 8(l).
	<b>Line 10: NEW HAMPSHIRE APPORTIONMENT</b> Partnerships which have business activity both within and without this state AND which are subject to income taxes or a franchise tax measured by net income in another state, whether or not actually imposed by the other state, must apportion their gross business profits to New Hampshire by using Form DP-80, Apportionment of Income. Form DP-80 may be obtained by calling (603) 271-2192. After completing Form DP-80, enter the apportionment percentage on Line 10 of your Form NH-1065. Show to six decimal places. <b>All others enter 1.00 on Line 10.</b>
	<b>Line 11:</b> Enter the product of Line 9 multiplied by Line 10. <b>If negative, enter zero.</b>
<b>Line 12:</b> Enter the product of Line 11 multiplied by 8.5%.	

**PARTNERSHIP BUSINESS PROFITS TAX RETURN**

LINE-BY-LINE INSTRUCTIONS (continued)

**STEP 3  
Figure  
Your  
Credits****Line 13: CREDITS**

Enter the amount of credits allowed under RSA 77-A:5, as shown on Form DP-160. **Form DP-160, Schedule of Business Profits Tax Credits, must be filed with the return to support all credits claimed on Line 13. Form DP-160 may be obtained by calling (603) 271-2192. DO NOT INCLUDE THE BET CREDIT ON THIS LINE.**

Line 14: Enter the amount of Line 12 minus Line 13.

**Line 15: BUSINESS ENTERPRISE TAX CREDIT****BET CREDIT WORKSHEET**

Taxable period ended    Taxable period ended    Taxable period ended    Taxable period ended    Taxable period ended

A BET Credit Carryforward Amount <small>*See note below</small>	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>
B Current period BET Liability From Form BET, Line 5	<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>
C Expiring BET Credit Carryforward <small>**See note below</small>	<input "="" type="text" value="("/>		<input "="" type="text" value="("/>		<input "="" type="text" value="("/>		<input "="" type="text" value="("/>		<input "="" type="text" value="("/>
D BET Credit available (Sum of Lines A, B and C) Enter on Line 15 of NH-1065	<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>
E Current period BPT liability From NH-1065, Line 14	<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>
F BET Credit Deduction this period (the lesser of Line D or Line E) Enter on Line 16 of NH-1065	<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>
G Credit Carryforward Amount (Line D minus Line F) IF NEGATIVE, ENTER ZERO. Carry this amount forward and indicate on Line A in subsequent period.	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>	→	<input type="text"/>

\*Note: The Line A amount in the first column is from Line G, the credit carryforward amount, of the previous year's BET CREDIT WORKSHEET. If this is your initial year of the BET, enter zero.

\*\* Note: The BET credit may be carried forward and allowed against BPT taxes due for 5 (five) taxable periods from the period in which the tax was paid. Any unused credit prior to the 5 most current tax periods expiring in this taxable period is unavailable and should be included in Line C.

**STEP 3  
Figure  
Your  
Credits  
(continued)**

Line 16: Enter the lesser amount of Line 14 or Line 15. If Line 15 is greater than Line 14, then a Business Enterprise Tax Credit carryforward exists. Any unused portion of the current year's Business Enterprise Tax Credit may be carried forward and allowed against any Business Profits Tax due for the next five taxable periods.

Line 17: Enter the amount of Line 14 minus Line 16. **IF NEGATIVE, ENTER ZERO. ENTER THE AMOUNT FROM LINE 17 ON LINE 1(b) OF THE BT-SUMMARY FORM.**